

**FILED**

**JAN 12 2015**

**SECRETARY, BOARD OF  
OIL, GAS & MINING**

**BEFORE THE BOARD OF OIL, GAS AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH**

IN THE MATTER OF THE REQUEST FOR  
AGENCY ACTION OF XTO ENERGY INC.  
FOR AN ORDER: (1) VACATING THE  
BOARD'S ORDER ENTERED IN CAUSE  
NO. 233-1; AND (2) SUSPENDING UTAH  
ADMIN. CODE RULE R649-3-2 AS TO THE  
WEST WILLOW CREEK FEDERAL UNIT,  
COMPRISED OF SECTION 23: LOTS 9-13,  
E $\frac{1}{2}$ SE $\frac{1}{4}$ ; SECTION 24: LOT 2, NE $\frac{1}{4}$ NW $\frac{1}{4}$ ,  
S $\frac{1}{2}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ , SW $\frac{1}{4}$  [ALL]; SECTION 25: ALL;  
SECTION 26: LOTS 4-7, E $\frac{1}{2}$ , SW $\frac{1}{4}$ ; TOWNSHIP  
9 SOUTH, RANGE 19 EAST, S.L.B. & M.,  
UINTAH COUNTY, UTAH

**REQUEST FOR AGENCY ACTION**

Docket No. 2015-008

Cause No. 233-02

COMES NOW, XTO Energy Inc. ("XTO"), acting by and through its attorneys,  
MacDonald & Miller Mineral Legal Services, PLLC, and pursuant to Utah Code  
Ann. §40-6-5(3)(b) and Utah Admin. Code Rule 649-2-3, and hereby requests the Board  
of Oil, Gas and Mining (the "Board") to enter an order: (1) vacating the Board's Order  
entered on June 22, 1994 in Cause No. 233-1 (the "233-1 Order"); and (2) suspending  
Utah Admin. Code Rule R649-3-2 as to the West Willow Creek Federal Unit (hereinafter  
the "Unit"), comprised of the following Uintah County, Utah lands:

Township 9 South, Range 19 East, S.L.B. & M.

Section 23: Lots 9 through 13, E $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 24: Lot 2, NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ ,  
E $\frac{1}{2}$ , SW $\frac{1}{4}$  [All]  
Section 25: All  
Section 26: Lots 4 through 7, E $\frac{1}{2}$ , SW $\frac{1}{4}$

(containing 2,067.58 acres)

(hereinafter the "Unit Area").

In support of this Request, XTO respectfully states and represents:

1. XTO is a Delaware corporation in good standing, with its principal place of business in Fort Worth, Texas, and is duly authorized to conduct business in the State of Utah. It is duly bonded with all appropriate State of Utah and Federal agencies relevant to this Cause.

2. All of the oil, gas and associated hydrocarbons underlying the Unit Area are owned by the United States of America, administered by the Bureau of Land Management ("BLM"), and subject to the following oil and gas leases:

<u>Lands</u>	<u>Federal Lease No.</u>
Sec. 25: All	UTU-39221
Sec. 24: E $\frac{1}{2}$ E $\frac{1}{2}$	UTU-68108
Sec. 23: Lots 9 through 13, E $\frac{1}{2}$ SE $\frac{1}{4}$	UTU-68625
Sec. 24: Lot 2, W $\frac{1}{2}$ E $\frac{1}{2}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$	
Sec. 26: Lots 4 through 7, NE $\frac{1}{4}$ , S $\frac{1}{2}$	

XTO is the sole lessee and operating rights owner under each of these leases.

3. The Unit was approved by the BLM effective October 1, 1994. As originally approved, the Unit area encompassed 2,932.08 acres. However, under the terms of the governing Unit Agreement, the Unit contracted upon the fifth anniversary of the establishment of its initial participating area (October 1, 1999) to its then participating area boundaries, which constituted 1,291.49 acres. Effective June 1, 2013, the Unit and its participating area were expanded to 2,067.58 acres. All formations underlying the Unit Area are deemed unitized. All tracts are deemed “fully” or “effectively” committed by the BLM; there are no uncommitted unit tracts.

4. By the 233-1 Order, the Board ordered the establishment and operation of a gas injection secondary recovery project, encompassing the *initial* participating area of the Unit (1,291.49 acres), for the secondary recovery of oil from the Green River formation by the use of reinjected casinghead gas. In addition, the 233-1 Order approved the conversion of the 1-26B Well, located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 26, Township 9 South, Range 19 East, from a producing gas well to a Class II gas injection well. No specific well siting or setbacks were addressed in the Order. However, there are no secondary recovery operations currently occurring and the 233-1 Order no longer corresponds with the Unit’s participating area. Instead, operations within and development of the Unit Area are being conducted in accordance with only the terms of

the Unit and Unit Operating Agreements. The need for the 233-1 Order no longer exists, and consequently, it should be vacated.

5. Other than the 233-1 Order, there are no other Board orders pertaining to the Unit Area. Consequently, and since the 233-1 Order does not expressly address well siting, the general well siting rule set forth in Utah Admin. Code R649-3-2 is applicable to the entire Unit Area.

6. Generally, the objective of a Federal exploratory unit is to provide for “the unified development and operation of an entire geologic prospect or producing reservoir so that exploration, drilling and production can proceed in the most efficient and economical manner by one operator.” 2 Rocky Mountain Mineral Law Foundation, *Law of Federal Oil and Gas Leases*, §18.01[2] (Lexis Nexis 2009). “Costs are reduced because the reservoir can be produced by utilizing the most efficient spacing pattern ... and there is no requirement to drill unnecessary offset wells.” *Id.*

7. Well location and density patterns within the Unit Area are determined in accordance with the Unit Agreement and, in particular, the annual plans of Unit development approved by the BLM. Said plans will be developed on such well density as the reservoir conditions justify. Applications for Permit to Drill (“APD’s”) are approved by the BLM and/or the Division of Oil, Gas and Mining (the “Division”). XTO believes and therefore states that development in accordance with the Unit Agreement

and approved plans of Unit development is orderly, promotes the greatest recovery of unitized substances without waste, and is protective of the correlative rights of all affected parties.

8. The Division requires compliance with Utah Admin. Code Rule R649-3-2 (the general statewide well location rule) with respect to wells within Federal exploratory unit boundaries or requires an exception from the Division of the Board in accordance with regulation.

9. XTO, in order to allow the greatest flexibility for orderly development and to account for geologic anomalies and topographical restrictions within the Unit Area, therefore requests the suspension of Utah Admin. Code Rule R649-3-2 insofar as it covers the Unit Area. However, to insure the protection of the correlative rights of owners within lands adjacent to the Unit Area, no future well within the Unit Area may be located closer than 460 feet from the Unit boundary without administrative approval of the Division in accordance with Utah Admin. Code Rule R649-3-3.

10. The Board has approved similar suspension of Rule 649-3-2 on multiple occasions for other Federal exploratory units; specifically, in Cause No. 191-06 (Ouray Park II Federal Exploratory Unit); Cause No. 259-01 (River Bend and Little Canyon Units); Cause No. 268-01 (Love Unit); and Cause No. 173-25 (Natural Buttes Unit). The

Board suspended the Rule to allow flexible development under the respective Unit Agreement and annual plans of development.

11. XTO will separately file a Certificate of Mailing listing all persons known to XTO whose legally protected interests will be affected by this Request, and their last known addresses as disclosed by the BLM and Uintah County realty records. There are no respondents or adverse parties known at this time to XTO.

**WHEREFORE**, XTO respectfully requests:

1. That this matter be set for hearing on February 25, 2015 in Salt Lake City;
2. That notice of such hearing be given as provided by law; and
3. That, upon sufficient evidence produced and testimony given at the hearing,

the Board issue an order:

- a) Vacating the Board's Order entered on June 22, 1994 in Cause No. 233-1;
- b) Suspending Utah Admin. Code Rule R649-3-2 as to lands within the Unit Area;
- c) Providing that no future well may be located closer than 460 feet to the boundaries of the Unit Area without administrative approval of the Division in accordance with Utah Admin. Code Rule R649-3-3;
- d) Making such findings and orders in connection with this Request as it deems necessary; and
- e) Providing for such other and further relief as may be just and equitable under the circumstances.

Respectfully submitted this 12<sup>th</sup> day of January, 2015.

**MACDONALD & MILLER  
MINERAL LEGAL SERVICES, PLLC**

By: 

Seth A. Loughmiller, Esq.

By: 

Frederick M. MacDonald, Esq.

7090 S. Union Park Avenue, Suite 400  
Midvale, UT 84047

Telephone: (801) 676-0050

Facsimile: (801) 676-0051

E-Mails: [seth@macmillerlegal.com](mailto:seth@macmillerlegal.com)  
[fred@macmillerlegal.com](mailto:fred@macmillerlegal.com)

Attorneys for Petitioner XTO Energy Inc.

Petitioner's Address:

XTO Energy Inc.  
Attention: Paul Keffer, Sr. Staff Landman  
810 Houston Street  
Fort Worth, TX 76102-6298  
Telephone: (817) 885-1131  
E-Mail: [Paul\\_Keffer@xtoenergy.com](mailto:Paul_Keffer@xtoenergy.com)

FMM:SAL:nmc  
1600.13